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ABSTRACT

Postsecondary student financing policies in the State of Washington are examined in this report that focuses on the interaction between federal and state student aid programs. The increasing importance of this type of investigation is noted in view of the recent growth in federal student aid. Financial aid available to students in Washington State is profiled and ways in which state policies have and have not been designed to coordinate with federal programs are described. The relationship between the 1977 decision by Washington State to raise tuition in public institutions and the accompanying state decisions regarding the focus and funding of student aid are analyzed. Examined are: the Tuition Waiver Program, the State Need-Grant Program, and the State Work-Study Program. Constitutional considerations on the range and flexibility of state programs and the growth in aid programs are discussed as well as institutional distribution of federal and state aid. The effects of student aid on tuition are discussed and it is suggested that the structure and size of the federal commitment to student aid has not stimulated tuition increases in public institutions. The federal and state aid programs in Washington appear to operate virtually independent of each other. Future issues concerning student aid, distribution of student aid, and effects of newly enacted federal policies (especially changes in the Basic Educational Opportunity Grants Program) are also assessed. (SF)

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A Case Study of Federal-State Interaction

Seth P. Brunner
Lawrence E. Gladieux

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September
1979

The Washington Office
of the College Board

Student Aid and Tuition in Washington State

A Case Study of Federal-State Interaction

Seth P. Brunner
Lawrence E. Gladieux

College Entrance Examination Board, New York, 1979

The College Board is a nonprofit membership organization that provides tests and other educational services for students, schools, and colleges. The membership is composed of more than 2,500 colleges, schools, school systems, and education associations. Representatives of the members serve on the Board of Trustees and advisory councils and committees that consider the programs of the College Board and participate in the determination of its policies and activities.

The Washington Office of the College Board conducts research relevant to public issues in education, with emphasis on the financing of postsecondary education. The office is located at 1717 Massachusetts Avenue, N.W., Washington, D.C.

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Acknowledgments

The Washington Office of the College Board conducts research on policy issues in education, with an emphasis on postsecondary finance and the evaluation of programs designed to broaden access and choice in higher education. Legislative and policy analyses are shared with the membership of the College Board.

This study is part of a project examining the interaction of federal and state student aid policies. The Washington Office gratefully acknowledges financial support from the Ford Foundation and the Sloan Commission on Government and Higher Education that has helped make the investigation possible.

Seth Brunner, a consultant to the Washington Office, and Lawrence E. Gladieux gathered the data and prepared this report on Washington State. Many other individuals cooperated in the effort. Special thanks are expressed to the staff of the Council for Postsecondary Education in Olympia, Washington, particularly Carl Donovan, former Deputy Coordinator; Patrick M. Callan, former Executive Coordinator; Suzanne H. Ness, former Assistant to the Executive Coordinator; and Linda LaMar, Director of Program Development, for their assistance and comments on the draft. Chester E. Finn, Jr., Charles R. Byce, Janet S. Hansen, and James E. Nelson also provided helpful comments. Georgia E. Stribling provided editorial assistance. Mary H. Budd and Julia M. Gordon patiently typed and retyped the drafts.

Although such a case study will be of primary interest to administrators and policymakers in Washington State, the findings may also prove useful to those concerned with coordination of aid programs in other states and for policymakers on the national level.

The work presented herein does not necessarily reflect a policy or position of the College Board, nor any endorsement by the Ford Foundation or Sloan Commission.

Summary

Students in higher education are subsidized directly by a variety of public and private aid programs--and indirectly through tuition levels that are set below actual costs of instruction. The resulting pattern of student finance from state to state is a patchwork of prices and subsidies, conditioned by largely independent decisions of federal, state, and institutional policymakers. This study examines the pattern in one state, Washington, with particular emphasis on the federal-state interplay.

Federal and state expenditures to help students meet the costs of higher education have burgeoned in recent years. Yet we know very little about the interaction between student financing policies framed in Washington, D.C., and those designed in the 50 state capitals. Some observers have expressed alarm that the flow of federal dollars may be stimulating tuition increases in state colleges and universities. Others point to the lack of coordination between state and federal grant programs and the possibility of overlapping student awards.

Recent experience in Washington State illuminates some of these issues. Because each state is unique, such a case approach does not yield definitive conclusions but it does suggest some preliminary, partial findings on the interrelationship of federal and state policies.

Highlights of the study follow.

Student Aid and Tuition

The structure and size of the federal commitment to student aid do not appear to stimulate tuition increases in public institutions of higher education. An intensive examination of the circumstances leading to the 1977 decision by the Washington State Legislature to raise tuition in the state's public colleges and universities suggests that federal policy does not loom as a significant factor in such decisions. More general influences were at work--the pressure for more state revenue, the fact that tuition had not been increased in public institutions since 1971, and the desire of the legislature to charge students their "fair share."

Politically, the existence and perception of increased federal student

aid dollars coming into the state may have helped cushion the impact of the decision to raise student charges. Without the federal aid, the decision would have been tougher for the legislature. *But federal largesse did not trigger legislative action.* In fact, when interviewed, legislators were frank in admitting they did not understand the magnitude or the workings of federal student aid programs.

Though close observers expected tuition to go up again in the 1979-80 biennium, the state legislature in its spring 1979 session decided to leave tuition alone for the next two years. Based on the overall revenue outlook, the legislature judged that the state could get by without raising student charges at least until 1981. Once again the decision of the legislature--this time not to raise tuition--had little if anything to do with federal actions. A tuition increase, in fact, would yield more federal dollars for students in the state by lessening the impact of the half-cost limitation under the federal Basic Educational Opportunity Grant Program (BEOG). But such considerations did not sway the legislature and student charges will remain steady through academic year 1980-81.

This conclusion is consistent with informal evidence from a number of other states confirming the importance of general political and fiscal considerations in determining the frequency and magnitude of tuition increases in state institutions. *There seems little basis for the apprehension that states are boosting tuition to capture the benefits of increased federal student aid.*

Federal impact on state aid programs

If federal policy does not appear to generate tuition increases at the state level, how does it influence the ways in which states provide direct assistance to students to meet college expenses? As federal student aid programs have grown, what impact have they had on state aid programs?

Federal and state student aid programs in Washington State operate virtually independently of each other. Washington State's need-based scholarship program predated by several years the start-up of federal matching for state scholarships through State Student Incentive Grants (SSIG), and Washington has consistently "overmatched" the available federal dollars through SSIG.

Substantially increased federal matching amounts might make a difference, but to date the level of state effort in need-based student funding in Washington has not been directly influenced by the federal carrot.

State, not federal, policy considerations have also determined the basic structure of the scholarship program: a small flat grant directed toward low-income students. The flat grant was adopted because it is simpler to administer than a variable grant. The program does not consider tuition costs in measuring a student's need because of the prevailing interpretation of a 1973 state supreme court decision regarding church-state separation.

The only influence of the federal BEOG program on state policy has been in the maintenance of a relatively low grant ceiling in the state scholarship program, a policy designed to minimize chances of overawarding. The flat amount of the state scholarship is determined each year so that a self-help gap of at least several hundred dollars is left for students who receive both a BEOG and a state award (taking into account maintenance costs plus minimal tuition at a community college).

Apart from BEOG's influence on the award ceiling, the state program has evolved on its own. Both the state scholarship and BEOG programs function, practically if not technically, as entitlements. In academic year 1977-78, any student in Washington who had need of $1,700, exclusive of tuition costs, qualified for a grant regardless of the type of institution the student chose to attend. No other student aid is considered in measuring a student's need for the state program. The BEOG program "guarantees" aid to needy students although the size of the award depends upon family income and institutional cost of attendance.

Interviews with campus aid officers suggest, as one would expect from the eligibility formulas, a substantial overlap between students eligible for BEOGs and state grants. This does not necessarily suggest that students are receiving excessive combinations of grant awards; in fact, the low grant ceiling in the state program was designed to avoid overawarding. But as federal and state programs grow, more deliberate coordination is probably called for.

In Washington as well as many other states, impending changes in the BEOG program will focus attention on the importance of more carefully linking

state scholarships with BEOG. The Middle Income Student Assistance Act and accompanying appropriations approved by the 95th Congress are bound to stimulate adjustment, or at least reassessment, of state policies. The new federal legislation will take the BEOG maximum to $1,800 and extend eligibility upwards to the $25,000 income level in 1979-80. Further changes such as removal or alteration of the BEOG half-cost limit may come in the process of reauthorizing the Higher Education Act beginning next year.

The reaction of Washington State to such changes will not be instantaneous, and no tight linkages between state and federal efforts are likely to result. But *some rethinking of the purposes, design, target populations, award formulas, and packaging philosophies inherent in the state programs seems both necessary and likely as federal dollars expand and reach new groups of students in the period ahead.*

Whatever changes the state of Washington might adopt in response to BEOG, SSIG, or any other federal stimulus, Washington seems likely to continue to be constrained by the church-state provisions of the state constitution. Student grant eligibility formulas will probably continue to focus on non-instructional or living costs, excluding consideration of tuition expenses. Thus it would be very difficult in Washington State to implement a national strategy calling for the federal government to guarantee access while the states guarantee choice. Conceptually such an approach might make sense but it would not be practical in every state. Should the federal government adopt a policy of inducing the states to recast their programs to better support students choosing high-cost institutions, it is not clear that Washington State would or could veer from its current policies. Even with substantial federal dollars as an incentive, it is doubtful that a choice-oriented, tuition-sensitive state aid program in Washington would be feasible.

Thus, *from the federal point of view, the experience of Washington State illustrates the inherent difficulty of attempting to frame a national student aid policy that would fit the circumstances and peculiarities of all 50 states.* It is probably not feasible or desirable for the federal government to force coordination with the states. Rather, closer linkages will have to come as the result of individual states' decisions about whether and how their own assistance is to be integrated with federal aid.

Introduction

This paper examines the interaction of federal and state policies in the financing of postsecondary students in Washington State. Specifically, Washington is used as a case study to address these questions:

- Have the structure and size of the federal student aid commitment stimulated tuition increases in state colleges and universities?
- What impact does federal student aid have on state programs for helping students meet the costs of education?
- What effects might revised federal policies have on state decisions about tuition and student aid?

The importance of these issues in Washington, as in other states, derives from the explosive growth of federal student aid. The size and predominance of federal programs, particularly the Basic Educational Opportunity Grant Program, pose significant policy concerns in relation to state student aid. How should state programs respond, if at all, to BEOG's expansion to serve new types of students? How can state and federal programs work in concert to assure that different types of students and institutions are equitably served by the combination of aid funds available?

While federal student aid has grown dramatically, public college and university tuitions have also risen, leading some observers to question whether states may be raising tuition to capture federal student aid funds. What linkage, if any, is there between state policy decisions on tuition and student aid? Has the flow of federal dollars, in particular, encouraged state agencies and legislatures to boost student charges, knowing that the impact for many students will be offset by increased federal aid?

Concerns about the impact of federal aid on tuition stem in part from the statutory "half-cost provision" in BEOG. In 1972, Congress set the BEOG award at one-half the cost of attendance at a given institution, up to a maximum of $1,400. (The ceiling has risen to $1,600 in 1978-79 and will reach $1,800 in 1979-80.) In establishing the rule, Congress attempted to insure that federal aid did not give inexpensive public institutions an unfair advantage over higher cost private institutions in competing for students. The "half-cost provision" has the effect of insuring that students at all institutions will have a significant proportion of their financial need remaining

after receiving a BEOG award. However, it has also inadvertently meant that some public institutions could attract additional BEOG funds by increasing their tuitions. At an institution where total student cost of attendance is below twice the maximum BEOG grant level, BEOG recipients affected by the half-cost provision would receive a 50 cent increase in their awards for every dollar increase in tuition. As the maximum BEOG award increases from $1,400 to $1,600 to $1,800, the level to which costs could be increased with BEOG awards helping to offset the increase rises from $2,800 to $3,200 to $3,600.

Students in higher education are subsidized directly by a variety of public and private aid programs--and indirectly through tuition levels that are set below actual costs of instruction. The resulting pattern of student finance from state to state has been called a "patchwork of prices and subsidies," conditioned by largely independent decisions of federal, state, and institutional policymakers. This study examines the pattern in one state, with particular emphasis on the federal-state interplay.

The paper first profiles financial aid available to students in Washington State and describes the ways in which state policies have and have not been designed to coordinate with federal programs. It then analyzes the relationship between the 1977 decision by Washington State to raise tuition in public institutions and the accompanying state decisions regarding the focus and funding of student aid.

Washington is well-suited for an examination of these issues. It is typical of many states in sponsoring modest aid programs that developed rapidly in the early 1970s. However, it is one of only three states where the legislature sets tuition by statute. Although unusual, this tuition-setting method, which elevates the decisions to a highly visible forum, lends itself nicely to the case study approach.

The examination of the decision to raise tuition was accomplished on the basis of interviews with state policymakers and interest groups in the state. Those interviewed included legislators and legislative staff, the governor's staff and other state officials, student groups, campus financial aid officers, and other institutional representatives. The examination of state aid programs was conducted through interviews with state scholarship agency representatives and financial aid officers, and through an analysis of state data on financial aid programs.

Student Financial Aid in Washington

Higher education in Washington is composed of a large public sector and a relatively small independent sector. Of the more than 350 postsecondary educational institutions in the state, there are 2 major public doctoral-degree-granting universities, 4 public four-year state colleges,[1] 27 public community college campuses in 22 districts, 5 public vocational-technical schools, 16 nonprofit private colleges, and about 300 proprietary institutions. Along with the state universities and colleges, the community colleges are funded through state appropriations and tuition and fees; they receive no local tax support.

The community colleges enroll nearly half of all postsecondary students (full-time equivalent) in the state (and well over half at the undergraduate level alone). The major state universities account for something less than 30 percent of total full-time equivalent enrollments, and the state colleges less than 15 percent. Private college enrollments are only about 12 percent of the total.

The pattern of student resources and expenses among different institutions in Washington appears to be similar to that of many other states (see Table 1). Among the public institutions, the two principal universities have the highest student-reported family income as well as the highest level of tuition and fees. The state colleges and community colleges follow respectively. Tuition charged by the private colleges averages more than four times that charged by state institutions. Average family income of students attending private colleges in the state is slightly under the level reported for the state universities.

A major responsibility for coordinating the sectors of higher education in Washington is assumed by the Council for Postsecondary Education (CPE), the designated "1202" planning commission under the federal Education Amendments of 1972. In addition to its planning and coordinating role, the CPE administers two of the three state-funded financial aid programs, the State Need Grant Program and the State Work-Study Program. The third state-funded

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1. Three of the four--Western Washington State, Central State, and Eastern Washington State--are now designated as universities, but for descriptive purposes these institutions (along with the newer Evergreen State College) will be referred to as state colleges throughout this book.

Table 1. Student Enrollments, Family Income, and Tuition in Washington State*

	Total enrollment	Average family income of students	Average tuition and fees
Public universities	46,876 (27.4%)	$18,263	$ 564
Public four-year	22,865 (13.4%)	16,421	508
Public two-year	80,734 (47.2%)	13,548	249
Private	20,552 (12.0%)	17,812	2,303
Total	171,027		

*Data on enrollments and tuition at proprietary institutions are unavailable. However, survey data indicate that proprietary institutions draw students from considerably lower family-income levels on the average than any of the collegiate sectors.

Sources: Enrollment data (full-time equivalent) from National Center for Education Statistics; income data (dependent student-reported) from Student Resources Survey 1976; tuition and fees (1976-77) from Washington State Council for Postsecondary Education and College Scholarship Service.

program, the Tuition Waiver Program, is administered by the postsecondary institutions themselves. The state of Washington operates on a biennial (two-year) budget cycle so that state-funded programs, including student aid, receive appropriations once every two years.

Brief descriptions of the three state student aid programs follow.[2]

The Tuition Waiver Program

Under the Tuition Waiver Program, begun in 1971-72, the state authorizes the waiver of up to 3 percent of revenues collected at public two- and four-year colleges through resident tuition and fees. During the 1976-77 academic year, this figure totaled approximately $1.5 million, and approximately 6,000 students were served.

2. Descriptions and funding data on the state aid programs are drawn from documents of the Council for Postsecondary Education as well as interviews with Council staff.

The program is open to state residents enrolled full- or part-time at the graduate and undergraduate levels in public institutions. Although the program is legislatively directed to serve needy and disadvantaged students, the determination of need is left entirely to the discretion of the campus. A large share of waivers goes to middle-income students and independent students.

This program is popular among the institutions because of its flexibility and the minimal paper work required. It has mixed support among state officials; some are sympathetic to the perceived need for institutional flexibility while others express concern about lack of accountability.

The State Need-Grant Program

The State Need-Grant Program was started in academic year 1970-71. During academic year 1976-77, the state appropriation was approximately $2.1 million, which was matched by almost $900,000 in federal State Student Incentive Grant Program funds, and the program served approximately 7,500 students. State Need Grants are available to Washington residents enrolled full time as undergraduates in any accredited nonprofit, in-state institution that enters into an agreement with the state.

Designed for needy or disadvantaged students, the State Need-Grant Program is administered by the Council for Postsecondary Education. Students apply to the institution in the same fashion as for all campus-based aid and are in turn "nominated" to the Council to receive a grant. The Council ranks the students according to need. The amount of the grant is fixed; in 1977-78, it was $480. Students enrolled less than the entire year receive prorated amounts.

In academic year 1977-78, the Council awarded grants to students demonstrating at least $1,700 in need according to one of three budgets used by the Council for this program. The Council used standard budgets of $1,970 for students living with their parents, $2,770 for students not living with their parents, and $4,065 for married students. The married student budget is adjusted for additional dependents. Tuition costs are not included in these budgets and are not taken into account in determining need. A Need-Grant recipient is free to sign over the check to the institution to cover tuition,

but only non-tuition maintenance costs are considered in establishing eligibility for the program.

The Council requires that students be financially independent of their families for five years in order to qualify for independent student status, a requirement that is considerably more stringent than current federal policy.

The State Work-Study Program

The State Work-Study Program began in 1974-75. For 1976-77, the appropriation was approximately $1 million (exclusive of employer-matching funds), and the program served 1,600 students.

Students enrolled at least half time at an accredited nonprofit institution that has entered into an agreement with the state are eligible to receive state Work-Study monies. Priority is given to Washington residents. About one-fourth of the funds are used for graduate students.

Employers in both profit-making and nonprofit organizations are eligible to participate in the program. The state provides up to 80 percent of the funds, except that noneducational organizations must provide at least 35 percent of the student's wages. Priority is given to jobs related to the student's field of study, and wages must be paid at the prevailing wage for similar work. The job cannot be one that full-time workers could fill.

In the case of public institutions, the program is administered on the campus and the college receives an administrative allowance amounting to 3 percent of its state Work-Study allotment. For private colleges, CPE actually contracts with employers for the work performed by the student and reimburses the employer directly. Private institutions are not eligible to receive the administrative allowance; however, they do have the responsibility of finding employment for their students. Private colleges may not employ their own state Work-Study students.

Institutions have experienced some difficulty finding jobs related to students' fields of study, and many aid officers are reluctant to devote significant resources to job development in what amounts to a relatively small program on most campuses.

The Council allocates Work-Study funds on the basis of information pro-

vided on the federal tripartite application and the previous year's utilization, as well as the institution's justification for additional funds.

State Constitutional Considerations

The range and flexibility of state programs in Washington have been restricted by its constitution. In 1973 the state supreme court set aside a state tuition equalization program, citing constitutional prohibitions against aid to sectarian institutions. The Council for Postsecondary Education's sensitivity to the issue raised by this ruling accounts for the exclusion of tuition costs in determining eligibility under the State Need-Grant Program and the prohibition against private colleges employing students or receiving the administrative allowance in the State Work-Study Program.

In 1974 the court ruled unconstitutional the year-old Washington State Higher Education Assistance Authority, a secondary market designed to purchase loans under the Federally Insured Student Loan Program (FISL), primarily on grounds that the state was prohibited from lending its credit and secondarily on grounds of church-state separation. This decision has contributed to an insufficiency of loan money in Washington. Available loans dropped from 17,764 for a total of $20.9 million in fiscal year 1973 to 8,247 for a total of $9.8 million in fiscal year 1974. The volume and total dollars loaned have since remained relatively stable.

Growth of Aid

Although Federally Insured Student Loans were cut roughly in half after 1973, other student aid funds have expanded dramatically. The amount of federal student aid (excluding FISL) awarded to Washington students tripled from $14.0 to $41.6 million between 1972-73 and 1976-77. Over 60 percent of this increase was from the BEOG program. During the same period the total size of the three state student aid programs--the Tuition Waiver Program, the State Need-Grant Program, and the State Work-Study Program--more than doubled from $2.2 to $5.7 million, paralleling the rapid expansion that occurred in many states during the early and mid 1970s. (see Table 2.)

Compared with other states, Washington's fiscal commitment to student assistance tends toward the median. In 1978-79 it ranked 22nd among the states

Table 2. Federal and State Student Aid in Washington 1972-76
(in thousands)

	Federal			State			
	BEOG	Campus-based	Total	Tuition Waiver	Need-Grant*	Work-Study**	Total
1972-73	-	$13,961	$13,961	$1,300	$ 887	-	$2,187
1973-74	$ 638	14,783	15,421	1,180	1,493	-	2,673
1974-75	4,612	15,538	20,150	1,530	3,185	$ 700	5,415
1975-76	12,100	23,692	35,792	1,625	3,878	860	6,363
1976-77	19,877	21,713	41,590	1,700*	2,975	1,080	5,755

*Includes federal matching through the State Student Incentive Grant Program.

**Includes employer matching.

Sources: U.S. Office of Education; Washington State Council for Post-secondary Education.

in total need-based grant dollars awarded to students, and 25th on an index of fiscal effort in providing such aid.[3]

Overall, including FISL and need-based aid from institutional sources, the Council for Postsecondary Education estimates that student aid available to students in Washington amounted to $72 million in academic year 1976-77, compared with $47 million in 1972-73.

Institutional Shares of Federal and State Aid

Table 3 presents the estimated 1976-77 distribution of federal and state aid funds to students in differing postsecondary sectors of Washington State.

In the federal programs, community college students receive over 40 percent of BEOG funds as well as a substantial share of SEOG and College Work-Study. Private colleges account for nearly a quarter of total campus-based federal aid and 14 percent of BEOG dollars.

By contrast, the state programs tend to concentrate more funds in the

3. National Association of State Scholarship and Grant Programs, *10th Annual Survey*, 1978-79 academic year.

state universities and colleges. The Tuition Waiver Program, in particular, skews the distribution of state aid since it is open only to students in public institutions and is allocated to these institutions on the basis of tuition and fee revenues rather than any analysis of student need. As a result, the higher cost university campuses receive nearly half the Tuition Waiver monies. Proprietary school students are not eligible under any of the state programs.

To evaluate the "fairness" of the overall distribution of federal and state funds would require reliable information on the economic characteristics of the postsecondary student population in the state as well as an accepted definition of financial need by which to calculate appropriate institutional shares. The available data are not adequate to this task. Strictly in relation to enrollments, without reference to any measure of aggregate need, private colleges are getting considerably more than their share of federal and state aid funds; they account for 12 percent of enrollments but receive 19 percent of the funds. On the other hand, community colleges, whose students tend to come from lower income levels, receive considerably less than their

Table 3. Percent Distribution of Student Aid Dollars, 1976-77

	Public university	Public 4-year	Public 2-year	Private	Proprietary	Total
Federal						
BEOG	19%	17%	42%	14%	8%	100.0%
SEOG	20	17	28	27	8	100.0
NDSL	23	20	12	27	18	100.0
CWS	25	12	42	20	1	100.0
State						
Need-Grant	29	26	26	19	N/A	100.0
Tuition Waiver	46	21	33	N/A	N/A	100.0
Work-Study	30	20	27	21	N/A	98.0*
Total federal	21	16	35	19	9	100.0
Total state	35	23	28	14	N/A	100.0
Total federal/state	23	17	34	19	7	100.0

*Public vocational-technical schools account for 2 percent of State Work-Study funds.

Sources: U.S. Office of Education; Washington State Council for Post-secondary Education.

share (47 percent of enrollments versus 34 percent of the funds). But average private college tuition is nine times that of the community colleges. How to weigh the relative need of institutions for student aid funds remains elusive.

Federal Impact on State Programs

Federal and state student aid programs in Washington operate virtually independently of each other.

The State Need-Grant Program predated by several years the start-up of federal matching for state scholarships through State Student Incentive Grants (SSIG), and Washington has consistently "overmatched" the available SSIG dollars. Substantially increased federal matching amounts might make a difference, but to date the level of state effort in need-based student funding in Washington has not been directly influenced by the federal carrot.

State, not federal, policy considerations have also determined the basic structure of the Need-Grant program: a small flat grant directed toward low-income students. The flat grant was adopted because it is simpler to administer than a variable grant. As noted earlier, the program does not consider tuition costs in measuring a student's need because of the Council on Post-secondary Education's interpretation of a state supreme court decision regarding church-state separation.

The growth of the BEOG program has influenced the Council to maintain a relatively low grant ceiling in the Need-Grant program. The amount is determined each year so as (a) to keep within the total appropriation for the program; and (b) to leave a self-help gap of at least several hundred dollars for students who receive both a BEOG and a Need-Grant award (taking into account maintenance costs plus minimal tuition at a community college). As the size of the appropriation for the program continues to increase, the Council has indicated it may reconsider the flat-grant approach.

Apart from BEOG's influence on the award ceiling, however, the State Need-Grant Program has evolved on its own. Both the Need-Grant and BEOG programs function, practically if not technically, as entitlements. Any student in Washington whose need exceeds an annually specified level, exclusive of tuition costs, qualifies for a grant regardless of the type

of institution attended. No other student aid is considered in measuring a student's need for the state program. The BEOG program "guarantees" aid to needy students although the size of the award depends upon family income and institutional cost of attendance. The BEOG program, like the Need-Grant, does not consider any other form of student aid in making the award but implicitly builds in a self-help component as a result of the half-cost restriction. Interviews with campus aid officers suggest, as one would expect from the eligibility formulas, a substantial overlap between BEOG eligibility and Need-Grant eligibility.

The State Work-Study Program also operates separately from federal efforts but was designed in certain respects to complement the federal College Work-Study Program. The state program includes a provision that students must be employed in jobs directly related to their field of study. The program also encourages the placement of students in off-campus jobs, including those in the private sector. These features were intended to avoid the perceived limitations of the federal program: that students are often placed in menial on-campus jobs unrelated to their field of study.

The Decision to Raise Tuition

In 1977, for the first time in six years, the Washington legislature raised tuition in the state's public institutions of higher education.

According to the unanimous opinion of the policymakers and interest group representatives interviewed in Washington, the decision to raise tuition was purely the result of a perceived need by the governor and the legislature for increased state revenue. The state was saddled with increasing budgetary pressures and limited revenue sources. Governor Dixie Lee Ray's proposed budget for the 1977-78 biennium represented an overall increase of 24.7 percent over the previous biennium. Washington State has no income tax. The Retail Sales and Use Tax and the Business and Occupation Tax, which together account for 48.7 percent of the General Fund revenue in the 1977-78 biennium, were both raised in 1976. In addition, the state faced a superior court decision that would have required the state to assume funding for elementary and secondary education.

Pressure to increase tuition had been mounting since 1971 when the maximum levels were last raised by the legislature. At the start of the 1977 legislative session, the inevitability of increased tuition was conceded by most interest groups, including representatives of the public two- and four-year institutions. Although the governor and the legislature viewed the increase as a means by which to offset, rather than to supplement, state appropriations to the institutions, campus administrators feared it would be difficult to obtain standard increases for inflation in faculty salaries and other operating experses without a boost in tuition.

Because the increase itself was a foregone conclusion, the debate in Washington focused entirely on the level of tuition, its relationship to the costs of providing instruction, and the manner in which any future tuition increases would take place. In general, participants in the debate sought to find practical solutions rather than holding rigidly to divergent philosophical positions.

Tuition and fees in Washington are divided into three parts: tuition, an operating fee, and a student services and activities fee. Funds from tuition are deposited in the state treasury and are budgeted and appropriated for construction and the liquidization of construction bonds. The operating fees

Table 4. Resident Undergraduate Charges, Washington State, 1976-77

Public institutions	Tuition	Operating	Student services and activities	Total
Universities	$117	$336	$111	$564
State colleges	75	274.50	157.50	508
Community colleges	124.50	81	43.50	249

Source: Washington State Council for Postsecondary Education.

are retained by the local campus for general operating expenses, supplemented by state operating appropriations. Student services and activities fees are used locally for such purposes as student government, the student newspaper, recreational and special events.

Compared with other states, total charges to students in public institutions in Washington have generally been moderate, running somewhat lower than national averages. In the academic year 1975-76 Washington ranked 33rd for resident undergraduate tuition at state universities and 24th in terms of state colleges.[4] Table 4 shows the resident undergraduate charges for the three types of public institutions in 1976-77, the year before the tuition increase took effect.

The charges for graduate students and nonresidents ran higher: $624 for resident graduate students at the universities ($568 at the state colleges); $1,641 for nonresident graduate and professional students at the universities ($1,420 at the state colleges); $1,581 for nonresident undergraduates at the universities ($1,360 at the state colleges and $682 at the community colleges).

During the 1975 legislative session the senate passed a resolution requesting the Council for Postsecondary Education to make recommendations concerning the proportion of educational costs that should be borne by students. The Council report, issued in May 1976, significantly shaped the

4. Council for Postsecondary Education, *Policy Recommendations: A System of Establishing Tuition and Fees as a Proportion of Educational Costs*. Olympia, Washington: Council for Postsecondary Education, 1976.

debate on the tuition increase. The Council recommended relating combined tuition and operating fees directly to the costs of instruction.[5] Specifically, it proposed that the combination of these two charges be set at 25 percent of the costs of instruction for the universities, 20 percent for the state colleges, and 16.7 percent for the community colleges. These recommendations would raise the resident undergraduate fees at the universities and state colleges by over $100 and at the community colleges by $45.[6]

The Council also proposed that charges to resident graduate students be set at 115 percent of undergraduate tuition and fees and it proposed that nonresident tuition and fees be set at 90 percent of the cost of instruction at the universities and community colleges and 75 percent of the cost of instruction at the state colleges. Fees for nonresident students would be phased in over the course of the biennium. It recommended a continuation of the practice of allowing governing boards the power to set the services and activities fees within maximums.

The recommended percentages for the tuition increase were chosen to approximate the relationship of tuition to cost of instruction when tuition was last increased in 1971. In addition, the recommended percentages did not appear to be at variance with those used by the six other states that relate tuition to the cost of instruction nor with the proposals of the Carnegie Commission on Higher Education.

The Council of Presidents, an informal group representing the presidents of public four-year institutions in the state, supported setting total undergraduate tuition and fees at the universities at $700. It recommended that tuition and fees at the state colleges be set at 80 percent of those at the university and that community college fees be set at 45 percent of university fees. The fees would increase automatically in accordance with the

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5. The proposed cost base included the direct instructional costs such as salaries and fringe benefits of instructional staff and support personnel, supplies and equipment; other educational costs such as admissions, registration, and other student services not financed by the student services and activities fees; and a proportional share of indirect costs such as libraries and administration. The Council proposed that four separate cost-of-instruction figures be computed: one for the two universities, one for three older state colleges, one for the newer Evergreen State College, and one for the community colleges. The differential rate for Evergreen was proposed because it is a nontraditional liberal arts college with a higher cost of instruction than the older state colleges.

6. Council for Postsecondary Education, *Policy Recommendations*.

year's annual average consumer price index for urban wage earners and clerical workers for the Seattle area. The proposal to base state college and community college fees on the universities' fees was prompted by enrollment concerns on the part of the state colleges. Specifically, they were concerned that declining enrollments would force up their costs of instruction and that a formula based on state college costs might increase the price differential between the state colleges and the community colleges, making the state colleges less attractive.

The State Board of Community College Education endorsed the Council for Postsecondary Education's tuition proposals. The Washington Financial Aid Association, comprised of the state's financial aid officers, recommended setting the actual dollar amounts produced by the Council's cost of instruction percentages but not establishing an automatic escalator.

Both students and labor interests resisted any tuition increase at the outset of the legislative session. They later modified their positions to oppose provisions that would automatically trigger tuition increases in future bienniums.

Governor Ray's tuition proposal was almost identical to that of the Council.

In the legislature, the house essentially adopted the recommendations of the Council for Postsecondary Education, with concessions to some of the concerns of student and labor groups. The house tried to soften the impact of the increase by phasing it in over the course of the biennium, and it declined to put into statute an automatic escalator. The more conservative state senate adopted a proposal differing in important ways from that of the Council and producing higher tuition rates. Senate members were especially committed to a tuition increase because their version of the state budget bill was predicated on no tax increases, and they hoped to increase revenue through a variety of special charges, such as tuition.

The final legislation incorporated key provisions of the house bill while producing most of the revenue sought by the senate. It did not include an automatic escalator but did carry a statement of intent that tuition and operating fees should be proportional to costs of instruction--25 percent at the state universities, with fees at the state and community colleges set respectively at 80 and 45 percent of those for the university. The bill asked the Council to make biennial recommendations on the level of tuition and

fees in accordance with this statement of intent. Fees for nonresidents were increased dramatically, without any phase-in provision. A phase-in of the fees for residents was included but at a steeper rate than provided in the house version. The bill limited maximum services and activities fees to those already in effect.

Table 5 contains the results of the legislative compromise raising tuition for the various segments and levels of public higher education in Washington State during the biennium, spanning academic years 1977-78 and 1978-79.

Table 5. Total Tuition and Fees for Public Institutions in Washington State

	Increased levels during biennium		
	1976-77	1977-78	1978-79
Universities			
Undergraduates			
Residents	$ 564	$ 660	$ 687
Nonresidents	1,581	2,394	2,394
Graduate			
Residents	624	741	771
Nonresidents	1,641	2,736	2,736
Medicine/Dentistry			
Residents	840	975	1,029
Nonresidents	1,839	3,759	3,759
Veterinary Medicine			
Residents	832	975	1,029
Nonresidents	1,839	3,759	3,759
State colleges			
Undergraduates			
Residents	508	591	618
Nonresidents	1,360	1,983	1,983
Graduate			
Residents	568	651	684
Nonresidents	1,420	2,256	2,256
Community colleges			
Residents	249	291	306
Nonresidents	682	1,188	1,188

Source: Washington State Council for Postsecondary Education.

The Secondary Debate on Student Aid

Parallel to the tuition question, a related debate developed over the need for increased state student aid funds to offset the adverse impact that some observers felt the tuition hike would have on student attendance rates. Forming part of the background for this debate were recent reports of national groups such as the Carnegie Commission and the Committee for Economic Development, which recommended increased public sector tuitions along with expanded need-based student aid.[7] The discussion focused on the method appropriate to estimate any increase in student needs, the impact of federal programs in offsetting such increased need, and the specific programs into which new state funds should be placed.

The relationship of student aid to tuition increases was a secondary, though volatile and important, aspect of the tuition debate in Washington. Fewer groups participated in the debate over aid. The policy issues and their implications were less clear to the participants, and the data concerning the appropriate level of aid increases were the subject of controversy. Moreover, the ability to address the issue of the relationship between tuition and aid increases in a coherent manner was impaired by the fact that the two issues were not handled by the same committees in the legislature. Although tuition levels are set in statute, the levels of aid are subject to the biennial appropriations process. The Senate Ways and Means Committee reported out both the tuition and budget bills, but in the house, separate committees considered these measures. Subsequently, separate conference committees met to resolve differences between the house and senate versions of each bill.

The initial proposal in the debate was made by the Council for Post-secondary Education, which proposed directly offsetting what it calculated to be the increased need, less the increased aid resulting from the reduced impact of the BEOG half-cost provision. Through a series of rough calculations based on estimated numbers of aid recipients in public institutions

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7. See Carnegie Commission on Higher Education, *Higher Education: Who Pays? Who Benefits? Who Should Pay?* New York: McGraw-Hill, 1973; and Committee for Economic Development, *The Management and Financing of Colleges*. New York: Committee for Economic Development, 1973.

(as well as an estimate of the number of students who had applied for aid, were judged eligible, but did not receive awards because of insufficient funds), the Council concluded that 24 percent of the revenues generated by a tuition increase during the biennium was required to offset increased student needs. For each dollar increase in tuition, it was assumed there would be a corresponding need for 23.4 percent in aid funds over and above previous levels.

The availability of federal student aid funds played a role in the Council's calculations of the needed increase in state programs and in its recommendation of which state programs should be increased. After originally estimating that half of the 24 percent would be offset by increased BEOG awards, the Council revised the estimate downward to one-third. It then recommended that the remaining 16 percent be offset through appropriations to the State Need-Grant and State Work-Study programs. The rationale for this recommendation was that both programs attract outside funds. The State Need-Grant Program qualifies for federal matching under the State Student Incentive Grant Program and the State Work-Study Program attracts employer-matching funds.

The Council proposed to the legislature that a statement of intent be included in the tuition bill to the effect that needy students should not be deprived of access to higher education because of increases in tuition and fees. The Council also urged that the statement indicate the "sense" of the legislature that appropriations for financial aid should be 24 percent of the revenues generated from a tuition increase, less funds attracted through the BEOG program.

Students and labor supported the Council's recommendations. The Washington Financial Aid Association also backed the Council, though it argued that BEOG would offset less than one-third of the increased need. The Council of Presidents took no official position but informally favored increases in the Tuition Waiver Program because of their desire for institutional flexibility and their concern that increases in Need-Grants and Work-Study would go more to help the private sector.

The Council's position and budget request met with no support from the governor's office. Instead, Governor Ray proposed a one-time increase in aid funds at a level equivalent to an additional 3 percent in the Tuition Waiver

Program, including the additional revenue for that program which would be generated by the tuition increase itself (3 percent of increased resident tuition and fees). The governor's approach was ad hoc, not based on an analysis of need or the increased availability of federal funds. The governor proposed that the increase be made available to the institutions in the form of block grants to be spent on student aid. She also proposed that one-sixth of the existing waivers go to scholastically outstanding students without regard to need. Although the governor's block grant and merit-based proposals were quickly discounted as viable alternatives, the concept of an increase in aid equivalent to an additional 3 percent in waivers did influence action in the legislature.

The House Higher Education Committee was sympathetic to the Council for Postsecondary Education's arguments for relating aid increases to tuition increases. The House Appropriations Committee and the Senate Ways and Means Committee were more skeptical. Some of the legislators questioned the meaning and validity of the need figure, and some senate members objected on the grounds that it was unfair to tax middle-income students to subsidize someone else's education. The fiscally conservative senate was reluctant also to imply a commitment to appropriate funds in the future to offset subsequent tuition increases.

Yet the outcome was more favorable to student aid than many observers had expected. The final tuition bill did incorporate the Council-proposed statement of intent about not denying access to needy students because of tuition increases. In the final budget bill, the actual appropriation for student aid was pegged close to the governor's recommended increase (equivalent to 3 percent increase in waivers). Although it fell far short of the Council's request (equivalent to 16 percent of increased tuition revenues), the compromise meant $4.4 million over previous levels for student aid during the biennium. This figure included the automatic increase in Tuition Waivers. The balance of the increase, about $3.7 million, was appropriated to the Council for Postsecondary Education with instructions that the largest possible amount should be allocated to Work-Study and the rest to the Need-Grant program.

The increase did not match the Council's estimate of unmet need resulting from the tuition hike. Nonetheless, the Council in 1977-78 was able to in-

crease the Work-Study program by more than half, from $1.1 million in 1976-77 to $1.8 million, and Need-Grants by roughly 40 percent, from $3.0 million to $4.3 million (including SSIG matching of over $1 million). The size of the individual Need-Grant was increased from $450 to $480, a figure chosen because the Council estimated that the $30 increase in combination with the increase that BEOG recipients would receive (resulting from the reduced impact of the half-cost provision) would equal the average public college tuition increase. The Council also changed its ranking procedure to allow students who apply late to qualify further into the year. The change in ranking procedure plus the additional funds resulted in nearly a 20 percent increase in the number of awards from 8,699 for 1976-77 to 10,476 for 1977-78.

Findings and Observations

This concluding section highlights key points growing out of the recent tuition-student aid debates in Washington State and suggests emerging issues for federal and state policy.

Tuition

The 1977 increase has left resident tuition and fees levels in Washington still slightly lower than national averages for public colleges and universities. The especially sharp hike in nonresident tuition and fees is a different matter; Washington now charges considerably higher rates to out-of-state students than do most other states.[8]

Though close observers expected tuition to go up again in the subsequent biennium, the state legislature in its spring 1979 session decided to leave tuition alone for the next two years. Based on the overall revenue outlook, the legislature judged that the state could get by without raising student charges at least until 1981.

But continued fiscal pressures on the state and the establishment of a relationship between tuition and costs of instruction make it unlikely there will be another long hiatus before the next increase. The 1971 increase was not systematically related to costs. The 1977 decision, on the other hand, was cast in terms of students paying a fair and predictable "user fee." Both a rationale and framework for future increases are in place. The percentages chosen to relate tuition to costs, however, were moderate, and student charges--at least for residents--are thus likely to remain moderate in Washington relative to other states.

Whatever the magnitude and frequency of future tuition increases in Washington, federal policy does not loom as a major factor. It is clear that federal student aid was not significant in stimulating or shaping the 1977 decision to raise tuition in Washington. More general influences were at

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8. National Association of State Universities and Land-Grant Colleges, *1978-79 Student Charges at State and Land-Grant Universities*. Washington, D.C.: National Association of State Universities and Land-Grant Colleges, 1978; also College Scholarship Service, *Student Expenses at Postsecondary Institutions, 1977-78*. New York: The College Board, 1977.

work--the pressure for more state revenue, the fact that tuition had not been increased in the public institutions since 1971, and the desire of the legislature to charge students their "fair share."

The existence of federal student aid may have helped to cushion the impact of increased tuition. Without it, the decision would no doubt have been tougher politically for the legislature. But the flow of federal dollars into the state was not a trigger. The fact that federal student aid helps some students meet rising college costs can hardly be said to cause tuition increases. Indeed, when interviewed, legislators were frank in admitting they did not understand the magnitude or the workings of federal student aid programs.

In 1979, the decision of the legislature--this time not to raise tuition--once again had little if anything to do with federal actions. A tuition increase, in fact, would yield more federal dollars for students in the state by lessening the impact of the BEOG half-cost rule, but such considerations did not sway the legislature and student charges will remain steady through academic year 1980-81.

Student Aid

If the availability of student aid funds did not dictate the tuition increase, was there any influence in the reverse direction? Did the tuition increase stimulate increased student aid? One automatic source of increased funds was the BEOG program; the tuition increase reduced the impact of the half-cost restriction and thus moderately increased the awards for many BEOG recipients in public institutions. The size of this BEOG increment was the subject of conflicting estimates and predictions.

Increases in state student aid, on the other hand, were a matter of discretionary appropriations by the legislature, and the Council for Postsecondary Education was only partly successful in pressing its concept that increased tuition necessitated increased student aid to insure that needy students were not denied access. The linkage between the tuition and aid decisions was weak, in part because of fragmented committee jurisdictions in the legislature and in part because the policymakers were not necessarily persuaded on the merits of the argument. The aid increase was twice knocked

out of the budget by fiscal committees of the legislature before finally emerging in compromise form.

The $4.4 million in additional funds voted by the legislature for the biennium fell short of the Council's rough estimate of unmet need resulting from the tuition hike. Nonetheless, the appropriations increase made possible a 40 percent expansion in State Need-Grants and a more than 50 percent expansion in the State Work-Study Program during 1977-78. The Council increased the individual Need-Grant award by $30, a figure based on the Council's estimate that the $30 increase combined with the anticipated increase for BEOG recipients would equal the average rise in tuition at public colleges.

The existence of federal aid had no decisive influence on the appropriations decision by the legislature, but SSIG and BEOG each in its own way may have subtly influenced legislators to vote new state aid. In the case of SSIG, Washington has consistently "overmatched" federal funds (roughly 2 to 1 in 1976-77), and no major expansion of SSIG was in prospect to change the balance when the legislature acted in 1977. Thus additional state dollars would not yield additional federal dollars. Nonetheless, the fact that the Need-Grant program was eligible for SSIG support, which the Council for Post-secondary Education was careful to point out to the legislature, probably helped generate a legislative response. Moreover, the fact that the flow of federal dollars into the state through BEOG would increase as a result of the tuition hike (based on the reduced impact of the BEOG half-cost limit) seemed to influence legislators to feel that the state should also play at least some part in offsetting any increased student need.

The legislature declined to go along with the governor's proposal to allocate additional aid funds to the institutions in the form of increased Tuition Waivers or some form of block grant. Instead, the final budget channeled the bulk of the new funds into the programs that are more accountable to the state--Need-Grants and Work-Study. And between the two, the legislature showed its preference for self-help and the work ethic by instructing the Council to allocate the maximum amount possible to Work-Study.

Finally, it is worth noting that the issue of increases in student aid

was raised and debated largely without reference to the impact on particular categories of students or types of institutions. No great concern was expressed about disadvantaged or low-income students; indeed, many individuals interviewed responded that this was not an issue because all state aid is need-based. Nor were middle-income students the focus of special attention (as they have been in recent federal legislative debates). Only the student groups explicitly supported targeting the aid increase especially on the Tuition Waiver and Work-Study programs because they were more likely to benefit middle-income students. As to institutional sectors, some legislators questioned why any of the aid increase should go to students in private colleges when the purpose was to offset the effects of the tuition increase in the public institutions. Otherwise, there was little attention to the impact of aid on students in the different segments of postsecondary education.

The Future

Several student aid developments and issues are on the horizon in Washington State.

Student loans. Efforts are currently underway to try to restore the state role in student loan financing. Student access to credit in the state has yet to recover from the 1974 court decision that ruled the State Higher Education Assistance Authority unconstitutional. The federal Education Amendments of 1976 provide increased incentives for state sponsorship of loan guarantee programs. The state has recently designated a private nonprofit agency (an approach that helps to circumvent state constitutional problems) that is scheduled to begin insuring loans during 1979.

Balance of grants and self-help. State policymakers are likely to give increasing attention to the proper balance between grant aid and self-help (loans and work) in the way students are financed. The legislature seems to believe that more emphasis should be placed on self-help, as reflected in its instructions to the Council for Postsecondary Education to allocate as much as possible of the biennial aid increase to Work-Study rather than Need-Grants.

The current thinking of the Council supports the same priority. In recent analyses, the Council has developed general packaging guidelines that assume

roughly a 65-35 percent split between gift aid (including parental contributions) and self-help.[9] To meet this standard in the overall funding picture, the Council maintains that the greatest need is for more self-help monies rather than extra grant assistance. In fact, as long as the State Need-Grant Program remains basically access-oriented and not tuition-sensitive, Council staff are doubtful that there is much room for significant additional funding in this program.[10]

Private colleges and the "choice" issue. The private sector in Washington receives an overall share of state student aid funds that is roughly commensurate with its share of full-time equivalent enrollments in the state. Private colleges and universities are not eligible to participate in the Tuition Waiver Program, and they are at a disadvantage in the Need-Grant Program because of the lack of recognition of tuition costs. The private colleges receive a somewhat larger share of federal student aid dollars flowing into the state, but the combined pattern of federal-state allocations appears to fall well short of reflecting the tuition differences between private and public institutions in Washington (though any careful attempt to estimate appropriate or "fair" institutional shares of aid is bedeviled by the lack of good data and the lack of consensus on how to treat costs).

The public-private question does not loom large in Washington in part because the private sector is relatively small in the state (12 percent of full-time equivalent enrollments) and because of the peculiar constitutional factor that seems to hedge possible state action. In the State Need-Grant Program, the Council for Postsecondary Education has been considering moving away from the flat-grant approach to some type of variable award schedule based on relative student need. Such a refinement might or might not tend to favor the private colleges. But whatever change is adopted, the eligibility

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9. Interestingly, this split roughly coincides with the assumption built into recent federal rules for institutional allocation of campus-based federal student aid funds. A 70-30 balance is the basis of the new federal allocation process.

10. On the other hand, in the view of the Council staff, should federal policy shift increasingly to cover tuition at private institutions, the situation might be different. Under this circumstance additional State Need-Grant funds might be required to cover maintenance costs and tuition in public institutions.

formula would presumably still exclude any consideration of tuition costs because of the continuing tendency in Washington to take a strict view of church-state provisions in the state constitution.

Thus a heavily choice-oriented, tuition-sensitive state aid program does not appear imminent in Washington State. Should the federal government adopt a policy of inducing the states to recast their programs to support students choosing high-cost colleges, the federal carrot would have to be very large indeed to stimulate such a policy shift in Washington State. Even with substantial federal dollars as an incentive, it is not clear that Washington would be able to respond. The outlook could conceivably change in the event of a shift in the composition of the now conservative state court, or a movement to amend the constitution to permit more flexible funding of students in private institutions. (Such an attempt to amend the constitution failed several years ago.) But the short-term prospects are not promising.

Emerging allocation patterns in the state programs, however, may be working at least to some advantage for the private institutions. There are indications that without a deliberate shift in state policy, the private colleges' share of funds in the Need-Grant and Work-Study programs is beginning to increase as a result of underutilization by other institutions. With the impact of BEOG, many of the community colleges are finding they are not using all of their state funds, and the reallocations seem to favor the private sector in the state, though precise data on the extent of this shift are not yet available.

Possible effects of newly enacted federal policies. Student aid policymaking in Washington State might be characterized as low key compared to recent federal policy debates on the subject. The buzzwords and hot issues that have attended student aid deliberations in the nation's capital--fraud and abuse, middle-income plight, forms simplification, and common delivery systems--are but faintly reflected in Olympia, Washington.

Impending changes in the BEOG program, however, will increase the importance of linking state scholarships with BEOG. To date the BEOG program has influenced state policymaking only indirectly by giving the Council for Postsecondary Education a basis for keeping the State Need-Grant award level low, thus reducing chances of overawarding and insuring some self-help gap above the BEOG/Need-Grant combination. The Middle Income Student Assistance

Act and accompanying appropriations approved by the 95th Congress are bound to stimulate more fundamental adjustment, or at least reassessment, of state policies.[11] The new federal legislation will take the BEOG maximum to $1,800 and extend eligibility upwards to the $25,000-income level in 1979-80. Further changes, such as removal or alteration of the BEOG half-cost limit, may come in the process of reauthorizing the Higher Education Act during 1979-80.

The reaction of Washington State to such changes will not be instantaneous, and no tight linkages between state and federal efforts are likely to result. But some rethinking of the purposes, design, target populations, award formulas, and packaging philosophies inherent in the state programs seems both necessary and likely in Washington State as federal dollars expand and reach new groups of students in the period ahead.

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11. Soon after the passage of the Middle Income Student Assistance Act, staff of the Council for Postsecondary Education recognized the potential impact of the new federal legislation and began to explore possible modifications in the Need-Grant program to complement variations in BEOG awards.